

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 EB-11 SCEM-02 SCI-06 NSF-04 OMB-01 SS-20

NSC-10 PA-04 PRS-01 USIA-15 CIAE-00 INR-10 NSAE-00

RSC-01 INT-08 COME-00 L-03 H-03 TRSE-00 DRC-01 /121 W

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P R 122335Z NOV 73

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC PRIORITY 5517

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

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E.O. 11652: N/A

TAGS: ENRG, CS

SUBJECT: PETROLEUM SITUATION- RECOPE TRANSFER BILL MOVES TOWARD
FIRST DEBATE, MUCH PANIC BUYING

RER: SAN JOSE 3986

SUMMARY: RECOPE ANNOUNCEMENT OF GASOLINE RATIONING
PLUS CONTROVERSY SURROUNDING RECOPE TRANSFER BILL
(REFTEL) SET OFF PANIC BUYING OVER THE WEEKEND WHICH LEFT
MOST SERVICE STATIONS WITHOUT GASOLINE BY SUNDAY.
RECOPE MANAGER TOLD EMBASSY STATIONS WOULD BE
RESUPPLIED NOVEMBER 12, BUT RATIONING WILL CONTINUE FOR THE
MOMENT. RECOPE TRANSFER MEASURE MAY REACH FIRST OF THREE
REQUIRED VOTES THIS EVENING. OUTLOOK STILL NOT CLEAR.
END SUMMARY.

1. ANNOUNCEMENT BY COSTA RICA'S REFINERY,
RECOPE, OF INSTITUTION OF RATIONING (BY 25 PERCENT)
SET OFF PANIC BUYING OF GASOLINE OVER THE WEEKEND
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WHICH LEFT MOST STATIONS DRY. WHILE RATIONING

APPARENTLY NOT DIRECTLY CONNECTED WITH MEASURE NOW PENDING IN THE ASSEMBLY FOR TRANSFERRING RECOPE FROM ALLIED CHEMICAL TO THE GOCR, IT DID COINCIDE WITH GOCR NEWS RELEASES DESIGNED TO "EDUCATE THE PUBLIC" ON COSTA RICA'S POTENTIALLY CRITICAL PETROLEUM SUPPLY PROBLEM AND TO BUILDING A FIRE UNDER THE ASSEMBLY IN AN EFFORT TO SECURE EARLY PASSAGE OF THE BILL. RECOPE TRANSFER LEGISLATION SLATED AGAIN TO BE DEBATED TODAY AND MAY REACH THE FIRST VOTE (THREE REQUIRED FOR PASSAGE). REPORTEDLY THE GOCR HAS PULLED OUT ALL STOPS TO HAVE ALL PLN DIPUTADOS PRESENT AND VOTING AFFIRMATIVELY. HOWEVER, IT IS DIFFICULT TO PREDICT WHETHER THE FIRST VOTE WILL BE HELD OR THE DEBATE WILL DRAG ON INTO ANOTHER DAY.

2. INSTITUTION OF RATIONING BY RECOPE WAS DUE TO SUSPENSION BY TEXACO OF A SPECIAL AGREEMENT WITH ALLIED CHEMICAL UNDER WHICH REFINED GASOLINE WAS IMPORTED FROM PANAMA TO SUPPLEMENT RECOPE'S OWN PRODUCTION. THE AGREEMENT WAS TO RUN THROUGH DECEMBER BUT BECAUSE OF THE MIDDLE EAST CRISIS WHICH, REPORTEDLY, RESULTED IN A DROP IN PRODUCTION OF THE PANAMA REFINERY, TEXACO WANTED TO SUSPEND SIX OF THE REMAINING SEVEN SHIPMENTS. AFTER A SPECIAL PLEA BY MINISTER OF ECONOMY, INDUSTRIES, AND COMMERCE KOGAN (WHICH ACCORDING TO LOCAL TEXACO MANAGER WAS TAKEN UP BY "TOP MANAGEMENT"), TEXACO AGREED TO RESUME SHIPMENT. HOWEVER, RECOPE WILL CONTINUE TO RATION AT LEAST FOR A FEW DAYS LONGER UNTIL REGULAR SHIPMENTS CAN BE RESUMED.

3. COMMENT: KOGAN REPORTEDLY IS DELIBERATELY WITHHOLDING SUCCESSFUL RESOLUTION OF THE TEXACO SUPPLY CONTRACT PROBLEM IN ORDER NOT TO TAKE THE PRESSURE OFF THE ASSEMBLY FOR EARLY PASSAGE OF THE TRANSFER BILL. ON DECIDING ON THIS COURSE HE MAY HAVE NOT REALIZED THE DIMENSIONS OF THE BUYERS' PANIC THAT WOULD BE SET OFF. HOWEVER, THE REAL DANGER COULD BE THAT IF THE STRATEGY LEAKS OUT--AS IT MAY WELL--THE GOCR'S CREDIBILITY COULD BE CHALLENGED AND ITS VERY GOOD CASE FOR URGING EARLY PASSAGE OF THE RECOPE TRANSFER BILL WEAKENED.

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AS AN EXAMPLE, THE NOVEMBER 12 MORNING PRESS CARRIED A STATEMENT BY EX-PRESIDENT ECHANDI (REPLYING TO A FIGUERES REPLY TO AN EARLY ECHANDI LETTER ON THE ISSUE) TO EFFECT THAT GOCR MIGHT BE CRYING WOLF.
VAKY

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